

course of genetic improvement which are not quantitative improvements, all of which are offered solely on a Value Share Basis (i.e., not offered as part of the Triumph Genetic Fee).

(B) Captured Proven Benefit of Technological Breakthrough. The "captured proven benefit" of a technological breakthrough means the actual value, without netting as compared to the next best alternative line of genetics material, of the technological breakthrough as determined using Triumph's benchmarking matrix.

(i) Technological Breakthrough. The term "technological breakthrough" is understood to mean a development occurring within the Triumph Program that enhances or improves technological practices and know-how beyond the normal genetic improvement process (i.e., an improvement which is not a quantitative improvement).

(ii) Manner of Access. In the event Triumph achieves a technological breakthrough or an improvement of the base germ plasm which is not offered as part of the Triumph Genetic Fee, then Triumph will notify Member of the availability of such improvement or technological breakthrough and Member may elect to use such improvement or technological breakthrough, and its value will be shared on a Value Share Basis. With respect to any genetic material (whether animal, semen, embryo, device or otherwise) elected to be used by Member, Member shall pay initially for such genetic material on a cost of goods basis and shall thereafter pay the Triumph Genetic Fee adjusted for Value Share Basis on each Triumph Pig marketed.

10. Audit Procedures. (a) Initiation of Audit and Selection of Auditors. When there is a matter subject to audit under the terms of this Agreement, Triumph will notify Member about the audit by sending Member a notice setting forth the scope of the audit. (b) Access to Books, Records and Resources. Triumph shall have access to all books and business records of Member (provided that such access does not include such access to financial statements of Member), and shall have access to all Herds for inspection of such Herds provided, that with respect to the inspection of a Herd, reasonable notice shall be given and all biosecurity and generally accepted health precautions shall be observed with respect to such inspection.

11. Termination.

A. This Agreement will continue in effect until: i) the expiration of the Term of this Agreement; ii) at Triumph's option, upon the termination of the PIC Genetic Agreement; iii) at Triumph's option, upon Member's breach of this Agreement; iv) at Member's option, anytime beginning twenty-four (24) months after Triumph has begun collecting the Triumph Genetic Fee from Member; or v) the mutual agreement by the parties to terminate this Agreement. Termination of this Agreement due to the termination of the PIC Genetic Agreement or due to Member's breach of this Agreement will be effective upon notice by Triumph to Member. Triumph also shall have the right to terminate this Agreement in the event the Member's America's Best Pork[®] Participation Agreement or Market Hog Purchase Agreement with Farmland is terminated for any reason. Upon termination, Triumph requires that Member dispose of all animals containing Triumph Genetics that are included in the following categories: Great Grandparent females, Grandparent females, AI boars, and natural service boars. Member shall have the right to conduct such disposal in a commercially reasonable manner so long as such disposal is in compliance with applicable requirements of the PIC Genetic Agreement.

B. Upon termination as a result of Member's breach, Member shall be required to pay a termination fee to Triumph, which fee will be calculated using the Triumph Genetic Fee plus any applicable Value Share Basis per animal multiplied by Member's expected monthly market hog production, and then multiplied by a factor of 12. For purposes of this Section, "expected monthly market hog production" shall